



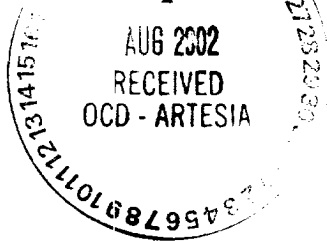
NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary



Lori Wrotenbery

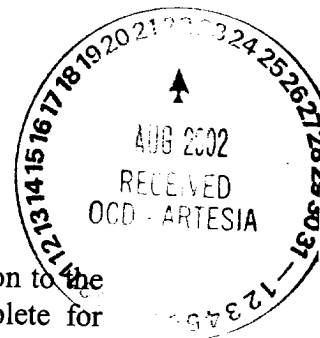
Director

Oil Conservation Division

ADMINISTRATIVE ORDER SWD-842

APPLICATION OF MACK ENERGY CORPORATION FOR SALT WATER DISPOSAL, EDDY COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION



Under the provisions of Rule 701(B), Mack Energy Corporation made application to the New Mexico Oil Conservation Division on June 14, 2002, for permission to complete for produced water disposal its Beech Federal Well No. 3 (API No. 30-015-32036) located 330 feet from the South line and 1775 feet from the East line (Unit O) of Section 25, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

Mack Energy Corporation is hereby authorized to complete its Beech Federal Well No. 3 (API No. 30-015-32036) located 330 feet from the South line and 1775 feet from the East line (Unit O) of Section 25, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into the Abo

formation from a depth of 6450 feet to 6594 feet through 2 7/8 inch plastic-lined tubing set in a packer located approximately at 6400 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to injection, the No Bluff 36 St Com Well No. 002 API:30-015-31123 shall have its cement top raised by squeeze cementing operations from the current cement top to approximately 6000 feet.

The casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1290 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the injection formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Artesia District Office of the Division of the date and time of the installation of disposal equipment and of any mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Artesia District Office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water

Administrative Order SWD-842

Mack Energy Corporation

August 13, 2002

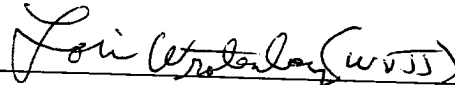
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or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Approved at Santa Fe, New Mexico, on this 13th day of August 2002.

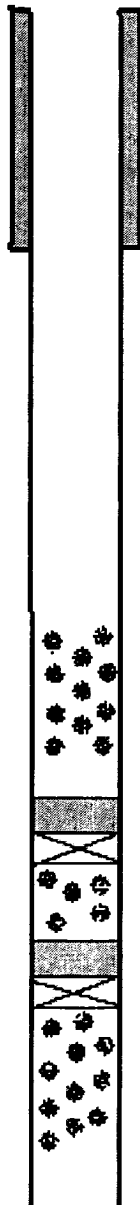


LORI WROTENBERY, Director

LW/wvj

cc: Oil Conservation Division – Artesia /
Bureau of Land Management – Carlsbad

**Mack Energy Corporation
Beech Federal #3**



**8 5/8 casing set @ 400' C/w 325sx Class
C (circ 92sx)**

6107.5-6252.5' 35 holes

CIBP set @ 6420' w/35' cement cap

6450.5-6513.5' 32 holes

CIBP set @ 6555' w/35' cement cap

6567-83' 4SPF 68 holes, 2SPF 6590',93,94

**5 1/2 casing set @ 7955' C/w 2300sx (circ
118sx)**